

EXHIBIT 3

**CASH
PLAN**
FOR RETIREMENT

CHEMICAL BANKING
Corporation

JPMC00001733

HELPING YOU MEET YOUR RETIREMENT PLANNING NEEDS

As a Chemical employee, you are entitled to a variety of benefits that extend your compensation far beyond your regular paycheck. Each benefit helps you meet a particular financial need—for example, to pay medical or dental bills, to replace income if you are sick or injured and unable to work or to reduce the cost of having someone care for your children while you are at work.

Cash Plan for Retirement is a program that, along with the Chemical Savings Plan, helps you accumulate funds for your retirement. Once you are eligible for Cash Plan, you automatically become a participant and your retirement funds will start to grow—at no cost to you. In addition, because Cash Plan is easy to understand, you can monitor your benefit and watch it grow throughout your career with Chemical. You can receive your benefit when you retire or leave the Company after completing five years of service. And you can choose to take your benefit as a single cash payment or in monthly installments that continue for the rest of your life.

Earlier this summer, you received a booklet highlighting the new Plan. You may recall that the biggest change with Cash Plan is in the way your pension benefit is calculated. Instead of using a complicated formula and Social Security offset, Cash Plan benefits resemble a savings account. This brochure provides more details about Cash Plan, including examples showing how it works for employees with different salary levels and years of service.

GETTING STARTED

Cash Plan will begin January 1, 1991. When it goes into effect, the Plan will be retroactive to January 1, 1989.

Generally, you will participate in Cash Plan on the first of the month that coincides with or follows completion of a year of service. If you are employed

with Chemical Banking Corporation when Cash Plan goes into effect, and you are an active participant in the Chemical Retirement Plan, your participation continues automatically under Cash Plan.

Like the prior plan, Chemical Banking Corporation pays the full cost of your participation in Cash Plan for Retirement.

HOW CASH PLAN WORKS—AN OVERVIEW

Once you are eligible to participate in Cash Plan, Chemical establishes a retirement account in your name. If you were a participant in the Chemical Retirement Plan on December 31, 1988, your Cash Plan account begins with a *prior service balance* based on the benefit you earned under the prior plan. In addition, once you start to participate in Cash Plan, Chemical adds *salary-based credits* each quarter determined by your base salary and years of service. And, your account earns *interest credits*.

All credits to your account are expressed as dollars. This makes it easy to understand exactly how much your retirement benefit is worth.

PRIOR SERVICE BALANCE

If you were a participant in the Chemical Retirement Plan on December 31, 1988, your Cash Plan account will begin with a *prior service balance*. This balance is based on the dollar value of your benefit under the Retirement Plan as of December 31, 1988. By starting your Cash Plan account with a prior service balance, Chemical preserves your benefit under the prior Plan formula and combines it with your benefits under the Cash Plan for Retirement.

For example, assume your employment with Chemical began September 15, 1980. So, by December 31, 1988, you had been working with Chemical for more than eight years. Based on your age (37) and annual earnings (\$25,000), the value of your benefit under the Retirement Plan at the end of 1988 was \$3,800. As a result, effective January 1,

1989; \$3,800 is credited to your Cash Plan account as your prior service balance.

Your prior service balance is calculated based on the 1.75% prior Plan formula. If you participated in the Retirement Plan before April 1, 1976 and were eligible for the alternate 2% formula, your prior service balance will be calculated under both formulas—and your Cash Plan account will start with the *greater* amount.

There are two factors regarding the calculation of your prior service balance that may affect you:

- *First*, your prior service balance is calculated using your *credited service*. Your credited service begins when you become a participant in Chemical's Retirement Plan and extends to January 1, 1989.

For employees who joined Chemical in 1988 or after, credited service generally begins after one year of employment. But if you joined Chemical before 1988, different rules affected when you began participating in the Retirement Plan. For example, suppose you joined Chemical in 1980 at age 22. At that time, in order to participate in Chemical's Retirement Plan, you had to be age 25 with one year of service. So your credited service would not have begun until you reached age 25.

- *Second*, your prior service balance is calculated using your Social Security earnings. Chemical will use your actual Social Security earnings if those are available. Otherwise, Chemical will estimate your Social Security earnings in order to compute your benefit under the prior formula.

IF YOU PARTICIPATED IN A PREDECESSOR PLAN

If you participated in the retirement plan of a company that is now part of Chemical, special rules may apply in determining your prior service balance.

If you were participating in the Texas Commerce Bancshares (TCB) Retirement Plan on January 1, 1988, or the Horizon Bancorp Retirement Plan on January 1, 1990, the following provisions apply:

- Your prior service balance will be calculated

under Chemical's prior Plan formula as if your prior service with TCB or Horizon had been with Chemical. However, service that did not count under your predecessor plan also will not count for this purpose.

- When you retire or leave Chemical for any reason, you will receive the *greater* of your Cash Plan account balance as of your termination date or the benefit you earned under your predecessor plan as of the merger date.

If you are a former employee of Chemical Financial Services Company (CFSC) or Sunamerica, your prior service balance will be calculated as follows:

the benefit you earned under your predecessor plan through the plan merger date (July 1, 1985 for CFSC; January 1, 1986 for Sunamerica) plus

the benefit you earned under the Chemical Retirement Plan from the merger date through January 1, 1989.

SALARY BASED CREDITS

Each quarter, your account receives salary-based credits equal to a percentage of your base salary, based on your years of service with Chemical at the beginning of that quarter. These credits begin after you complete your first year of employment and then increase after you complete 10 and 20 more years of service:

When you Complete This Many Years of Service	Chemical Credits This Much of Your Base Salary Each Year*
1 to 10	5%
11 to 20	6%
21 or more	7%

*credited quarterly

EXAMPLE

Assume you joined Chemical on September 15, 1980. In 1989, your annual base salary was \$25,000. Quarterly salary-based credits to your account in 1989 total \$1,250 (5% of \$25,000).

Because you will have completed 11 years of service on September 15, 1991, the quarterly credits will increase to 6% of base salary on October 1, 1991, the beginning of the next calendar quarter.

DEFINING BASE SALARY

For purposes of determining these salary-based credits, base salary is your regular base pay plus shift differential pay. It excludes overtime pay, commissions, bonuses, special pay and Flexcredits. For 1989 and 1990, regular base pay for each quarter is a prorated amount based on your annual rate of pay for those years. Beginning in 1991, regular base pay is the actual amount paid for the quarter, subject to any Internal Revenue Service (IRS) limits on the level of salary that can be considered for purposes of determining Cash Plan credits.

COUNTING SERVICE

In determining the level of your salary-based credits, *all* service with Chemical counts—even service before your participation in any Chemical retirement plan. For example, you may have 25 years of total service on January 1, 1989 but, due to eligibility requirements when you joined Chemical, only 18 years of credited service. Since all service counts for purposes of determining Cash Plan salary-based credits, you would receive 7% credits beginning January 1, 1989.

INTEREST CREDITS

Your account receives interest credits each quarter. In fact, you will receive interest credits in two ways.

First you will receive interest credits quarterly on the salary-based credits Chemical makes to your account. This interest is based on the total value of all credits to your account at the start of the quarter. Each December, Chemical will announce the interest rate for the coming year. That rate equals the average one-year Treasury-bill rate for the prior September, October and November—*plus* 3%—to a 15% maximum.

For 1989 and 1990, credits to your account receive interest credits as follows:

Treasury Bill Rate	Average One-Year		Cash Plan Rate
	Annual Rate	Quarterly Rate	Rate*
		1989	1990
8.2%	11.2%	2.69%	
8.0%	11.0%	2.64%	

*quarterly rate compounded for four quarters equals the annual rate

Second, if your account begins with a *prior service balance*, this portion of your account also earns quarterly interest credits—at a rate equal to 125% of the regular rate. For example, if the annual regular rate is 11%, the rate applied to your prior service balance is 13.8% (11% times 1.25).

Since the regular interest rate is 11.2% in 1989 and 11% in 1990, the interest rate on your prior service balance in these years is:

	Annual Rate	Quarterly Rate*
1989	14.0%	3.33%
1990	13.8%	3.28%

*quarterly rate compounded for four quarters equals the annual rate

Each December, when the new interest rate for salary-based credits is announced for the coming year, Chemical will also announce a new interest rate for your prior service balance—which will equal 125% of the regular interest rate.

PERSONAL STATEMENTS

One of the advantages of Cash Plan is that it provides a visible benefit. So, twice each year, you will receive a personal statement showing the current value of your Cash Plan account. By comparing statements, you can watch your benefit grow from year to year. In December, your first personal statement will show the growth in your Cash Plan account from January 1, 1989 through June 30, 1990. Then, starting next year, you will receive

semi-annual statements tracking your account growth.

VESTING

Becoming vested in your Cash Plan account means you acquire permanent ownership of your retirement benefit—whether or not you continue to work for Chemical. You become vested in the full value of your Cash Plan account after you complete five years of service.

A MINIMUM BENEFIT

If you are a participant in the Chemical Retirement Plan on January 1, 1991, your benefit under the Plan as of that date will be your *minimum* benefit under Cash Plan. When you leave Chemical, the value of that benefit will be compared with your Cash Plan account—and you will receive whichever is *greater*.

REEMPLOYMENT

If you are *vested* when your employment with Chemical ends and you are later rehired, you can resume participating in Cash Plan.

If you are *not vested* when you leave Chemical and are reemployed at a later date, you will be eligible to participate in Cash Plan a year after your reemployment date. In general, if you are gone for fewer than five years:

- your period of employment prior to leaving will count toward vesting, and
- the account balance you forfeited when you left will be restored.

Keep in mind, other rules may apply, depending on the circumstances of your departure and reemployment. These rules are detailed in the formal Plan document and will be included in the "Summary Plan Description" you will receive early in 1991.

PAYMENT OPTIONS

Under Cash Plan, you have a variety of payment options—whether you leave the Company for retirement or any other reason (provided, of course, you are vested in your benefit). If your account value exceeds \$3,500, you can choose a *lump-sum payment* of your account, or you can choose monthly payments. If your account value is \$3,500 or less, you will automatically receive a lump-sum payment.

Note that if you choose monthly payments, they will continue for life—even if your account balance is exhausted. And, if you elect one of the payment options described below that provides continuing payments after your death to your spouse or other beneficiary, payments will continue for the lifetime of the beneficiary, regardless of your account balance.

If you are not married, the normal form of payment is a *life annuity*, which provides monthly benefits for your lifetime only.

If you are married, the normal form of payment is a *50% qualified joint and survivor annuity*. This means you will receive a monthly benefit for life and, after your death, your spouse will receive half of your monthly benefit amount for his or her lifetime. Under this option, the payments you receive will be somewhat smaller than they would be under a life annuity because they are paid over two lifetimes—yours and your spouse's. Although you can choose a different form of payment, any other election will require your spouse's written, notarized consent. Your spouse must also consent in writing to your designation of a beneficiary other than your spouse.

Other payment options available include:

- a *contingent joint and survivor annuity*, which is similar to a qualified joint and survivor annuity, except that you choose the percentage of your benefit (50%, 66 2/3%, 75% or 100%) that continues to your beneficiary after your death.
- a *straight life annuity*, which provides the same monthly benefit to you for life.

- an *increasing life annuity*, which provides a monthly benefit to you for life that starts lower than a straight life annuity and increases over time.
- a *5-, 10- or 15-year certain annuity*, which provides a reduced monthly benefit to you for life with a guaranteed payment period (of 5, 10 or 15 years, depending on the option you choose). If you die before the guaranteed payment period ends your beneficiary receives your monthly benefit for the balance of the guaranteed period.

ILLNESS OR DISABILITY

If you become ill or injured and cannot work while an active Cash Plan participant, your participation in the Plan continues. If you are receiving salary continuation payments under Chemical's Salary Continuation Program, salary-based credits and interest credits to your Cash Plan account will continue for as long as your salary continues. Once your salary stops, salary-based credits will no longer be added to your account, but interest credits will continue—for a period of up to six months from date of disability.

If you are receiving benefits under Chemical's Long Term Disability (LTD) Plan, salary-based credits and interest credits to your Cash Plan account continue. Salary-based credits to your Cash Plan account are based on your annual salary prior to your disability. In addition, the period during which you receive LTD benefits counts for purposes of determining your level (5%, 6% or 7%) of credits. For example, if during your disability, you complete 11 years of service, credits to your account will increase to 6% at the start of the next calendar quarter.

IN THE EVENT OF YOUR DEATH

The full value of your Cash Plan account will be paid to your beneficiary if you are vested and die—whether you are an active or former employee at the time of your death—provided you have not begun to receive Plan benefits. If you were eligible

for the survivor income benefit under the prior Plan arrangement, your beneficiary will receive a survivor benefit under Cash Plan that equals or exceeds the amount that would have been available under the prior provision.

NAMING A BENEFICIARY

Your beneficiary is the person who will receive your Cash Plan account balance in the event of your death. If you are already vested in your retirement benefit, you will be asked to name a beneficiary before the end of 1990. If you are not vested, you will be asked to name a beneficiary after you complete five years of service.

RECEIVING YOUR ACCOUNT BALANCE

Under Cash Plan, once you are vested, you can take your account with you if you leave Chemical—or you can defer payment of your account up until age 65. If you leave Chemical and defer payment, your *total* account—including your prior service balance—earns interest at the regular interest rate until payment begins.

If you are eligible for a payout from the Plan, you may wish to discuss your options with a financial consultant or tax advisor. The best choice depends on your individual circumstances, including the tax consequences of each option. Keep in mind, a lump-sum payment of your account is subject to ordinary income tax and, if you receive payment before age 59½, an additional 10% tax. If you receive your account balance and roll it over into an individual retirement account (IRA) or another tax-qualified plan within 60 days of distribution, you can defer paying taxes. Annuity payments are subject to ordinary income tax.

EXAMPLES

Now, let's see how Cash Plan works for different employees. The examples that follow show the details of the first two years of account activity for

five employees. Remember, in each case, interest is applied quarterly.

Furthermore, to give you an idea of how accounts can grow over a longer period of time, the examples also show projections after 10 years and

at age 65. These projections assume continued employment with Chemical at the same salary level, a regular interest rate of 9% each year and an annual prior service balance interest rate of 11.3%.

EMPLOYEE ONE—RICHARD

Richard, age 25, is a new Chemical employee. When he becomes eligible for participation in Cash Plan on January 1, 1990 (after a year of service), an account is established with no prior service balance. Since Richard earns \$20,000 a year, here is how the account would look:

Type of Credit	Balance from Salary-Based Credits	Total
1990: Quarterly credits based on salary (\$250 per quarter)	\$ 1,000	\$ 1,000
Interest on salary-based credits	\$ 40	\$ 40
Balance on 12/31/90	\$ 1,040	\$ 1,040
Balance after 10 years	\$ 15,712	\$ 15,712
Balance at age 65	\$354,659	\$354,659

EMPLOYEE TWO—MARY

Mary earns \$25,000, was 30 years old at the end of 1988 and had worked at Chemical for five years. Here is how her Cash Plan account would grow:

Type of Credit	Prior Service Balance	Balance from Salary-Based Credits	Total
1989: Credit for service prior to 1/1/89	\$1,642	—	\$ 1,642
Interest on prior service balance	229	—	229
Quarterly credits based on salary (\$312.50 per quarter)	—	\$1,250	1,250
Interest on salary-based credits	—	51	51
Balance on 12/31/89	\$1,871	\$1,301	\$ 3,172
1990: Interest on prior service balance	258	—	258
Quarterly credits based on salary (\$312.50 per quarter)	—	1,250	1,250
Interest on salary-based credits	—	194	194
Balance on 12/31/90	\$2,129	\$2,745	\$ 4,874
Balance after 10 years			\$ 25,909
Balance at age 65			\$396,208

EMPLOYEE THREE—DON

Like Mary, Don was also 30 years old and had completed five years of service at the end of 1988. Based on his annual earnings of \$40,000, Don's account would grow as follows:

Type of Credit	Prior Service Balance	Balance from Salary-Based Credits	Total
1989: Credit for service prior to 1/1/89	\$ 2,891	—	\$ 2,891
Interest on prior service balance	405	—	405
Quarterly credits based on salary (\$500 per quarter)	—	\$2,000	2,000
Interest on salary-based credits	—	82	82
Balance on 12/31/89	\$3,296	\$2,082	\$ 5,378
1990: Interest on prior service balance	455	—	455
Quarterly credits based on salary (\$500 per quarter)	—	2,000	2,000
Interest on salary-based credits	—	310	310
Balance on 12/31/90	\$3,751	\$4,392	\$ 8,143
Balance after 10 years			\$ 42,259
Balance at age 65			\$645,638

EMPLOYEE FOUR—SANDRA

Sandra was 45 years old at the end of 1988, earned \$50,000 a year and had worked at Chemical for 10 years. Here is how her Cash Plan account would grow:

Type of Credit	Prior Service Balance	Balance from Salary-Based Credits	Total
1989: Credit for service prior to 1/1/89	\$15,534	—	\$ 15,534
Interest on prior service balance	2,175	—	2,175
Quarterly credits based on salary (\$625 per quarter)	—	\$2,500	2,500
Interest on salary-based credits	—	103	103
Balance on 12/31/89	\$17,709	\$2,603	\$ 20,312
1990: Interest on prior service balance	2,444	—	2,444
Quarterly credits based on salary (\$750 per quarter)	—	3,000	3,000
Interest on salary-based credits	—	407	407
Balance on 12/31/90	\$20,153	\$6,010	\$ 26,163
Balance after 10 years			\$ 93,613
Balance at age 65			\$301,521

EMPLOYEE FIVE—CHARLES

Charles earns \$45,000, was 50 years old and had worked at Chemical for 20 years at the end of 1988. Here is how his Cash Plan account would grow:

Type of Credit	Prior Service Balance	Balance from Salary-Based Credits	Total
1989: Credit for service prior to 1/1/89	\$39,617	—	\$ 39,617
Interest on prior service balance	5,546	—	5,546
Quarterly credits based on salary (\$675 per quarter)	—	\$2,700	2,700
Interest on salary-based credits	—	111	111
Balance on 12/31/89	\$45,163	\$2,811	\$ 47,974
1990: Interest on prior service balance	6,233	—	6,233
Quarterly credits based on salary (\$787.50 per quarter)	—	3,150	3,150
Interest on salary-based credits	—	436	436
Balance on 12/31/90	\$51,396	\$6,397	\$ 57,793
Balance after 10 years			\$169,667
Balance at age 65			\$301,024

A FINAL WORD

The Cash Plan for Retirement is designed to make it easier for you to plan your financial future. Whether you are close to retirement or just starting your career, Cash Plan offers a number of special advantages. In particular, it provides a straightforward, visible benefit. With easy-to-read personal statements, you can track your benefit as it grows from year to year.

As you think about retirement, remember that Cash Plan is only one source of financial funding that will be available to you. Your personal savings, Social Security and the Chemical Savings Plan are other sources. The combined value of your own contribution to the Savings Plan, Chemical's matching contributions and investment earnings can provide a substantial supplement to your Cash Plan account.

This brochure is designed to highlight Cash Plan to help you understand how it works and the advantages it offers. It is not intended to provide all the details. Complete details can be found only in the formal Plan document, which governs the operation of the Plan and allows the Plan to be amended from time to time. If you have any questions about your benefits under the Plan, call the special Cash Plan hotline Monday through Friday at (212) 820-4544 between 9 a.m. and 5 p.m. eastern time. The hotline will be available from September 19 through September 28.